1985 FINANCIAL REPORT

CITY OF SCARBOROUGH • ONTARIO

CITY OF SCARBOROUGH

FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1985

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CITY OF SCARBOROUGH

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MUNICIPAL COUNCIL FOR 1986

Mayor	G. Harris
Controller	K. Morrish
Controller	J. Trimmer
Controller	F. Faubert
Controller	B. Belfontaine
Alderman - Ward 1	H. Barron
Alderman - Ward 2	G. Altobello
Alderman - Ward 3	J. Wardrope
Alderman - Ward 4	K. Christensen
Alderman - Ward 5	M. Mushinski
Alderman - Ward 6	F. Cruickshank
Alderman - Ward 7	B. Ashton
Alderman - Ward 8	S. M. Eidt
Alderman - Ward 9	J. Mackie
Alderman - Ward 10	M. Prinsloo
Alderman - Ward 11	S. Cavalier
Alderman - Ward 12	D. Mahood
Alderman - Ward 13	B. Sanders
Alderman - Ward 14	E. Montgomery

DEPARTMENT HEADS - 1986

Senior Commissioner/Associate Clerk	J. J. Poots
City Clerk	J. W. Nigh
Treasurer and Commissioner Finance and Management Services	D. R. Creech
Commissioner of Economic Development	J. D. Morand
Planning Commissioner	K. J. Whitwell
Works Commissioner	R. K. Brown
Recreation and Parks Commissioner	B. F. Fleury
Commissioner of Buildings	G. H. Fleming
Commissioner of Maintenance and Construction	D. O'Leary
Personnel Commissioner	J. G. Griffin
Medical Officer of Health	Dr. E. K. Fitzgerald
Fire Chief	W. E. Wretham
City Solicitor	J. R. Ratchford

BOARDS AND COMMISSIONS - 1986

Scarborough Public Library Board	S. Hunt, Chairman
Scarborough Board of Health	J. Sayer, Chairman
Scarborough Committee of Adjustment	L. P. Brown, Chairman
Scarborough Public Utilities Commission	R. E. Cavanagh, Chairman
Scarborough Historical Museums Board	F. Faubert, Chairman
The Birch Cliff Village Business Improvement Area	A. Velletta, Chairman
The Cliffside Village Business Improvement Area	S. Rutman, Chairman

CITY OF SCARBOROUGH
SEVEN YEAR FINANCIAL REVIEW (PAGE 1) (NOT SUBJECT TO AUDIT)
(AMOUNTS IN THOUSANDS)

	1985	1984	1983	1982	1981	1980	1979
ASSESSMENT (TAXABLE)							
Residential and Farm	811,291	790,815	763,925	743,938	722,068	713,904	673,579
Commercial and Industrial	295,393	288,335	281,084	274,270	261,134	250,470	236,659
Business	141,155	137,965	134,416	132,159	125,198	120,672	114,187
Total	1,247,839	1,217,115	1,179,425	1,150,367	1,108,400	1,085,046	1,024,425
% Increase over Previous Year	2.5%	3.2%	2.5%	3.8%	2.2%	5.9%	5.3%
RATES OF TAXATION							
Residential and Farm							
General Municipal	62.69	59.74	56.53	53.51	48.73	44.62	42.05
Metro Toronto	66.92	64.47	58.05	53.19	48.49	44.50	41.89
School Boards	138.51	127.12	122.18	111.81	97.74	88.78	85.17
Total	268.12	251.33	236.76	218.51	194.96	177.90	169.11
% Increase over Previous Year	6.7%	6.2%	8.4%	12.1%	9.6%	5.2%	6.6%
Commercial and Industrial							
General Municipal	73.75	70.28	66.51	62.95	57.33	52.49	49.47
Metro Toronto	78.73	75.85	67.92	62.58	57.05	52.35	49.29
School Boards	162.95	149.56	143.75	131.55	115.00	104.45	94.66
Total	315.43	295.69	278.18	257.08	229.38	209.29	193.42
% Increase over Previous Year	6.7%	6.3%	8.2%	12.1%	9.6%	8.2%	6.7%
TRANSFERS TO METRO TORONTO	96,231	90,314	78,752	70,714	62,798	56,502	49,437
% Increase over Previous Year	6.6%	14.7%	11.4%	12.6%	11.1%	14.3%	11.1%
TRANSFERS TO SCHOOL BOARDS	196,268	175,808	163,614	146,453	124,686	110,910	96,931
% Increase over Previous Year	11.6%	7.5%	11.7%	17.5%	12.4%	14.4%	8.0%
RESERVES AND RESERVE FUNDS (YEAR END BALANCES)							
Reserves	6,942	6,692	6,455	5,825	5,240	4,800	4,430
Reserve Funds	39,379	42,342	41,773	39,830	36,706	30,219	26,290
Total	46,321	49,034	48,228	45,655	41,946	35,019	30,720
ACCUMULATED NET REVENUE - END OF YEAR							
City	4,511	5,680	6,188	5,198	6,697	2,792	2,366
Library	215	105	42	119	176	14	39
Special Charges	942	986	1,029	958	1,013	907	850
Business Improvement Areas	34	52	34	11	2	(4)	-
Total	5,702	6,823	7,293	6,286	7,888	3,709	3,255

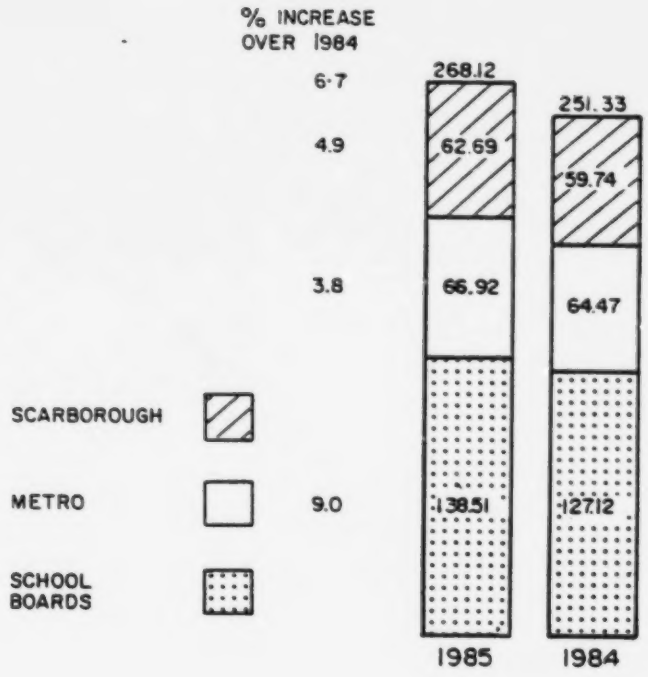
CITY OF SCARBOROUGH
SEVEN YEAR FINANCIAL REVIEW (PAGE 2) (NOT SUBJECT TO AUDIT)
(AMOUNTS IN THOUSANDS)

REVENUE FUND	1985	1984	1983	1982	1981	1980	1979
Revenues							
Taxation	87,546	81,394	74,722	69,196	61,343	55,164	48,178
Payments in Lieu	12,607	11,606	10,882	9,884	9,292	6,447	6,000
Ontario Grants	20,599	20,384	19,775	19,796	15,702	12,509	9,359
Other Grants	490	704	470	396	190	130	106
Fees and Service Charges	5,977	5,545	4,930	4,377	4,099	3,176	3,367
Investment Income	6,204	6,515	4,669	5,864	6,173	3,313	2,692
Other	10,853	9,809	13,388	11,463	10,932	9,541	9,180
Total	144,276	135,957	128,836	120,976	107,731	90,280	78,882
% Increase over Previous Year	6.1%	5.5%	6.5%	12.3%	19.3%	14.4%	9.9%
Expenditures							
General Government	17,287	15,117	15,056	17,137	13,761	11,367	9,597
Protection to Persons & Property	28,159	26,280	25,105	23,280	20,642	18,057	15,100
Transportation Services	28,452	26,409	26,071	25,043	20,843	18,278	15,500
Environmental Services	16,307	15,719	16,878	16,442	12,836	11,915	11,090
Health Services	7,581	7,030	6,332	5,815	5,035	4,318	3,757
Recreation & Cultural Services	37,362	34,889	34,191	30,804	26,976	23,200	20,861
Planning and Development	5,400	5,091	4,217	4,008	3,462	2,687	2,806
Other	40	3	3	3	3	-	-
Total	140,588	130,538	127,853	122,532	103,558	89,822	78,711
% Increase over Previous Year	7.7%	2.1%	4.3%	18.3%	15.3%	14.1%	8.8%
CAPITAL FUND							
Revenues							
Contributions from own funds	16,608	13,656	13,842	13,249	10,529	7,799	8,136
Long-term liabilities incurred	2,939	1,251	5,827	4,544	9,080	15	7,025
Ontario Grants	4,949	4,587	3,810	3,336	3,485	4,791	3,260
Other	2,796	4,216	2,191	6,899	6,250	1,373	2,404
Total	27,292	23,710	25,670	28,028	29,344	13,978	20,825
Expenditures	29,031	26,760	23,079	23,748	24,774	17,338	18,172
Unfinanced Capital Outlay at Beginning of Year	2,135	(915)	1,676	5,955	10,525	7,166	9,818
Unfinanced Capital Outlay at End of Year	3,874	2,135	(915)	1,676	5,955	10,525	7,166

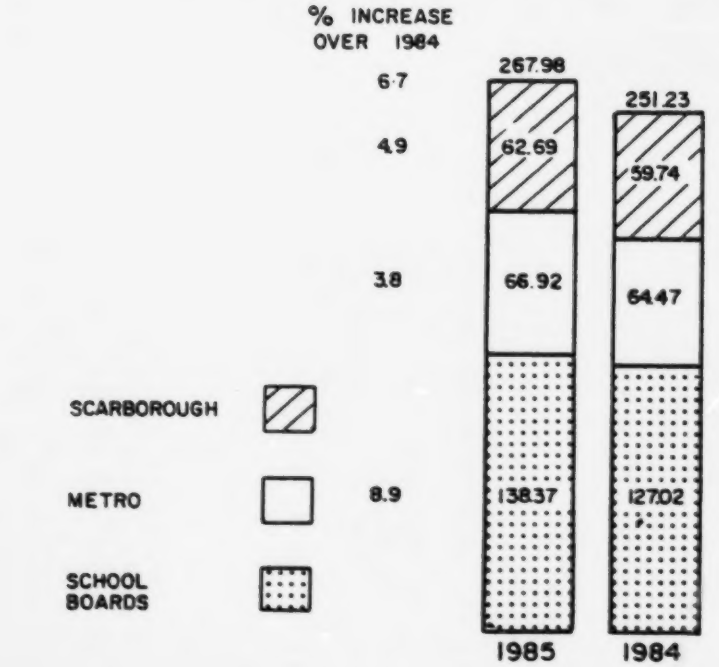
CITY OF SCARBOROUGH
MILL RATE COMPARISON

RESIDENTIAL

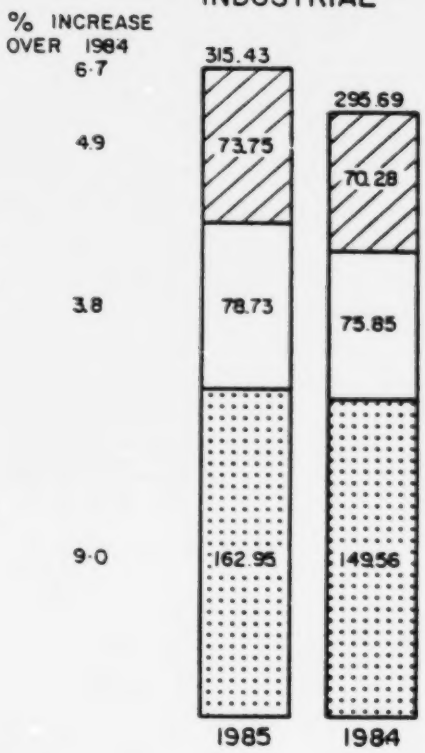
PUBLIC SCHOOL SUPPORTER

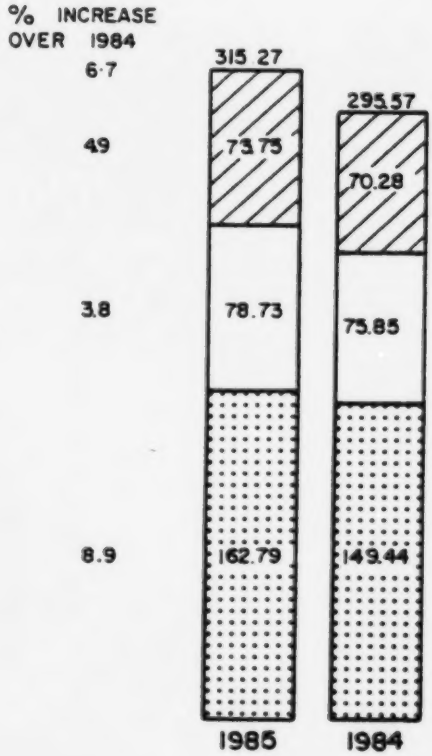


SEPARATE SCHOOL SUPPORTER



COMMERCIAL INDUSTRIAL

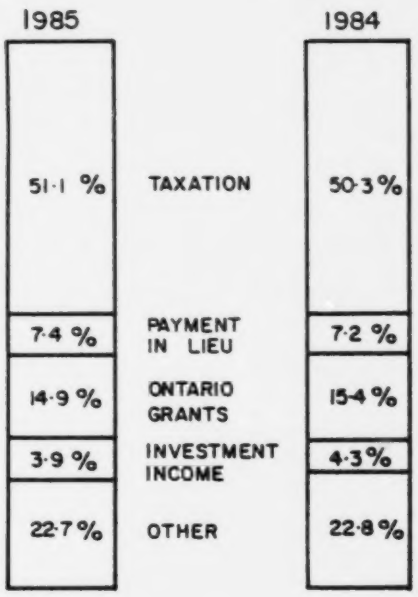




CITY OF SCARBOROUGH

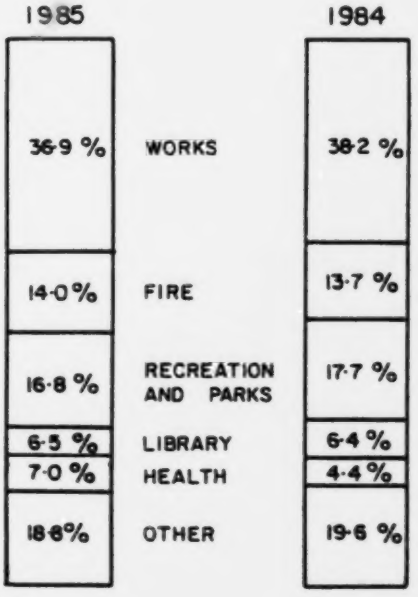
THE COST OF LOCAL SERVICES (CURRENT & CAPITAL FUNDS)

THE CITY'S REVENUE CAME FROM:



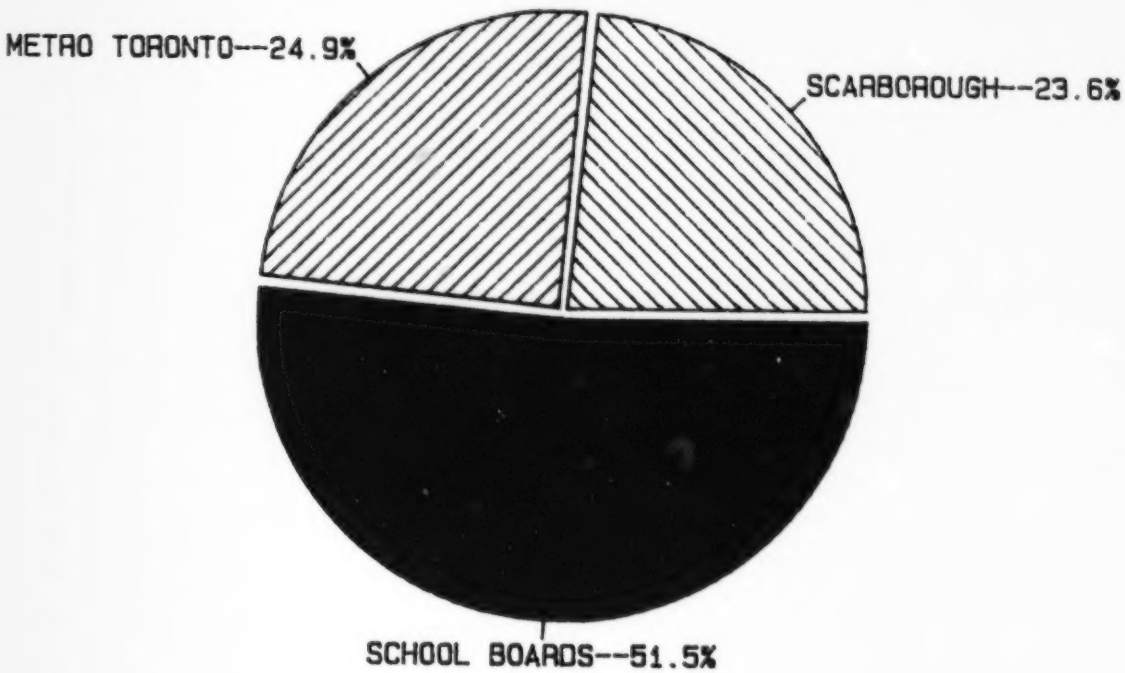
	1985 $	1984 $
TAXATION	87,545,890	81,460,530
PAYMENT IN LIEU	12,606,649	11,606,290
ONTARIO GRANTS	25,547,951	24,973,975
INVESTMENT INCOME	6,650,107	6,949,817
OTHER	39,095,869	37,066,659
	171,446,466	162,057,271

THIS MONEY WAS SPENT ON:



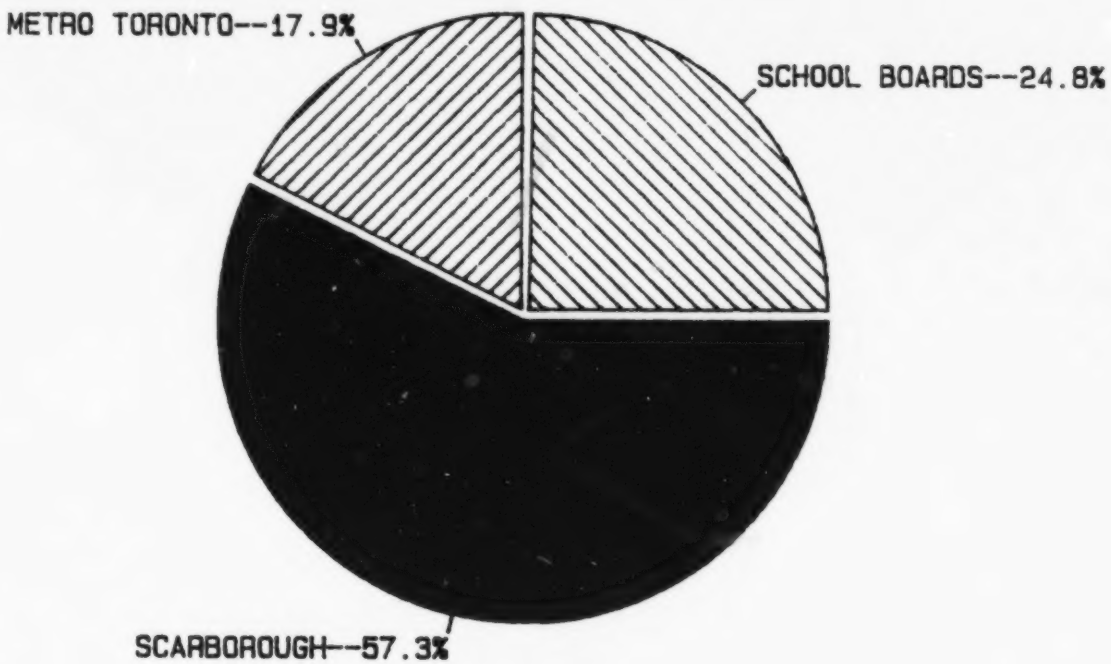
	1985 $	1984 $
WORKS	63,251,176	61,865,364
FIRE	24,008,782	22,173,358
RECREATION AND PARKS	28,726,230	28,695,791
LIBRARY	11,154,064	10,398,569
HEALTH	12,073,367	7,044,419
OTHER	32,232,847	31,879,770
	171,446,466	162,057,271

CITY OF SCARBOROUGH
1985
ALLOCATION OF PROPERTY TAXES



Scarborough	- $ 87,545,890
Metro Toronto	- $ 92,290,746
School Boards	- $190,822,539
	$370,659,175

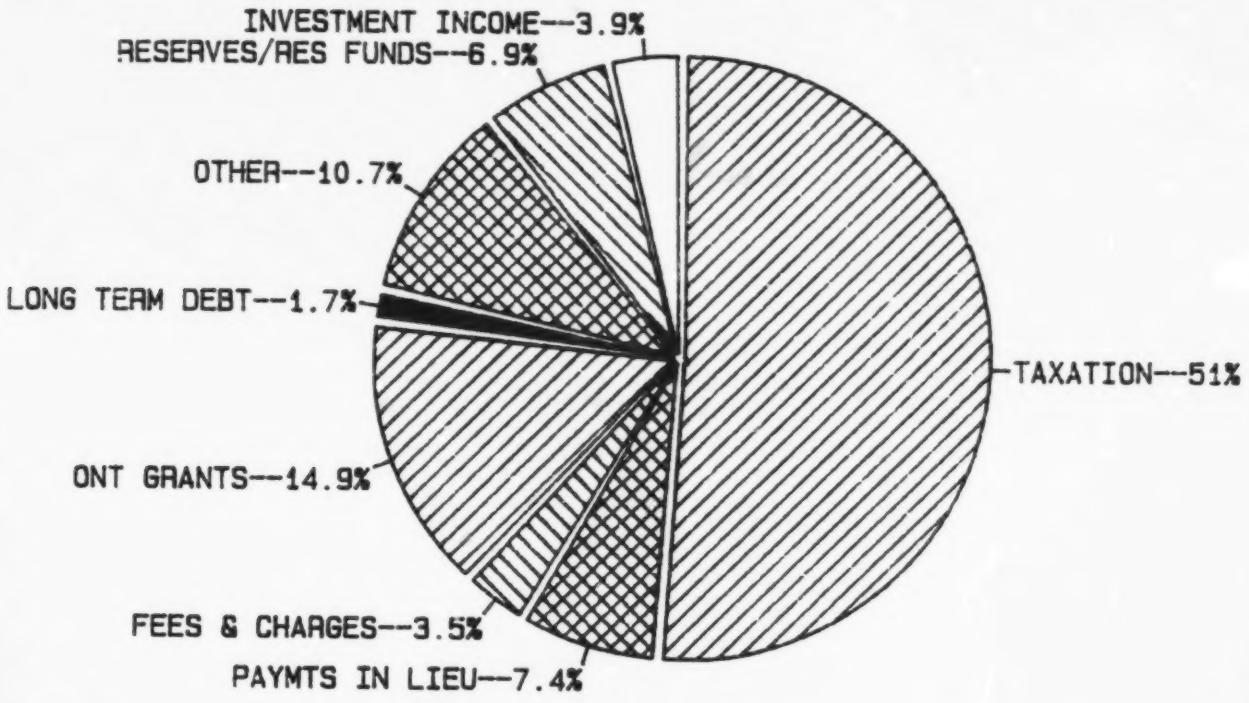
CITY OF SCARBOROUGH
1985
ALLOCATION OF PAYMENT IN LIEU OF TAXES



Scarborough	- $ 12,606,649
Metro Toronto	- $ 3,940,125
School Boards	- $ 5,445,671
	$ 21,992,445

CITY OF SCARBOROUGH
1985
COST OF CURRENT & CAPITAL OPERATIONS

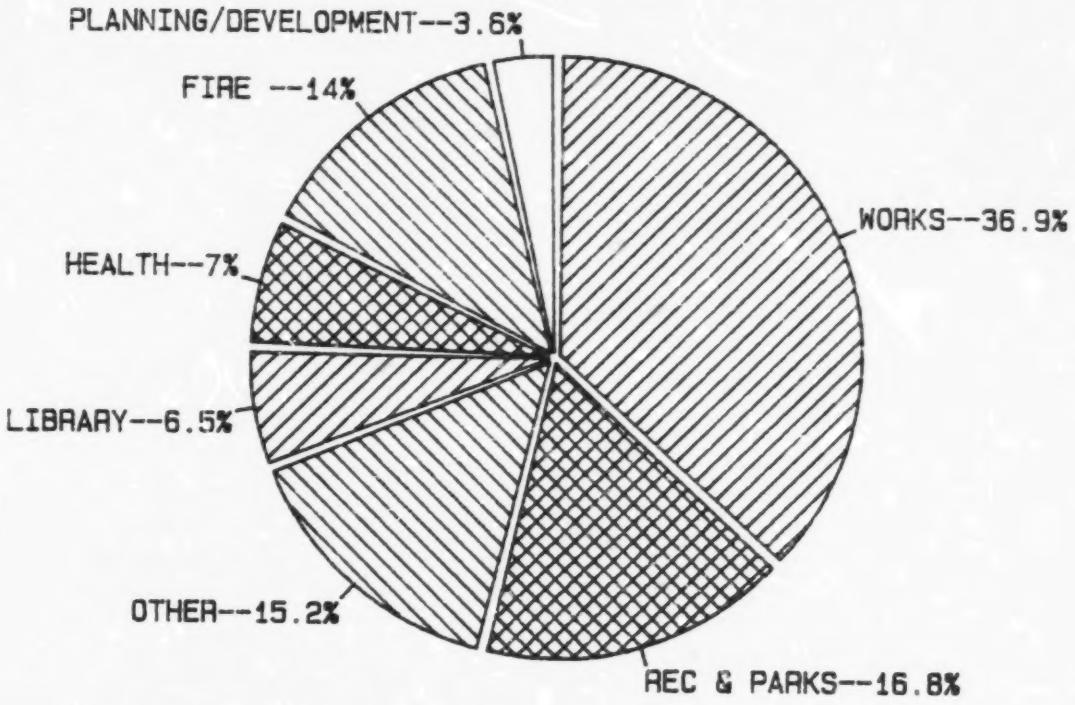
WHERE IT COMES FROM



Taxation	- $ 87,545,890
Payments In Lieu	- $ 12,606,649
Ontario Grants	- $ 25,5[illegible]7 951
Fees & Special Charges	- $ 5,9[illegible]7,450
Investment Income	- $ 6,650,107
Long Term Debt	- $ 2,939,224
Reserves/Res Funds	- $ 11,798,665
Other	- $ 18,380,530
	$171,446,466

CITY OF SCARBOROUGH
1985
COST OF CURRENT & CAPITAL OPERATIONS

WHERE IT GOES



Works	- $ 63,251,176
Fire	- $ 24,008,782
Recreation & Parks	- $ 28,726,230
Library	- $ 11,154,064
Health	- $ 12,073,367
Planning & Develop.	- $ 6,252,569
Other	- $ 25,980,278
	$171,446,466

THE CORPORATION OF THE CITY OF SCARBOROUGH

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1985

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Deloitte
Haskins+Sells

Chartered Accountants

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Scarborough, Ontario M1B 3C6
(416) 293-7704
Cable DEHANDS

To the Members of Council,
Inhabitants and Ratepayers of
The Corporation of the City of Scarborough

We have examined the consolidated balance sheet of The Corporation of the City of Scarborough, as at December 31, 1985, and the consolidated statement of operations for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of The Corporation of the City of Scarborough as at December 31, 1985, and the results of it's operations for the year then ended in accordance with accounting principles prescribed for Ontario Municipalities as set out in the notes to the consolidated financial statements applied on a basis consistent with that of the preceding year.

Deloitte Haskins + Sells.

Auditors
Licence No 1113.

February 21, 1986.

CITY OF SCARBOROUGH

CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 1985

	1985 $	1984 $
ASSETS		
UNRESTRICTED		
Cash	734,449	4,614,935
Investments (Note 4)	14,224,175	8,132,934
Taxes receivable (Note 5)	9,195,438	8,985,736
User charges receivable	262,914	172,905
Accounts receivable	5,299,110	5,268,075
Other current assets (Note 6)	1,941,481	2,280,012
	31,657,567	29,454,597
RESTRICTED		
Cash	100	100
Investments (Note 4)	39,770,067	41,982,182
	39,770,167	41,982,282
CAPITAL OUTLAY FINANCED BY LONG-TERM LIABILITIES AND TO BE RECOVERED IN FUTURE YEARS	32,897,823	36,545,845
	104,325,557	107,982,724
LIABILITIES		
Temporary loans	3,206,203	
Accounts payable and accrued liabilities	14,413,867	13,725,600
Other current liabilities (Note 7)	5,658,658	3,989,613
	23,278,728	17,715,213
Net Long-Term Liabilities (Note 8)	32,897,823	36,545,845
	56,176,551	54,261,058
FUND BALANCE AT THE END OF THE YEAR		
To be used to offset taxation or user charges in 1986	5,702,330	6,823,159
Capital operations not yet permanently financed (Note 11)	(3,874,419)	(2,135,445)
Reserves (Note 17)	6,942,298	6,692,298
Reserve funds (Note 17)	39,378,797	42,341,654
	48,149,006	53,721,666
	104,325,557	107,982,724

The accompanying notes are an integral part of this financial statement.

CITY OF SCARBOROUGH

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1985

SOURCES OF FINANCING	ACTUAL 1985 $	ACTUAL 1984 $
TAXATION AND USER CHARGES		
Residential and farm taxation	216,764,970	200,001,057
Commercial, industrial and business taxation	153,894,205	138,778,969
Taxation from other governments	21,992,445	20,408,863
User charges	5,977,450	5,544,911
GRANTS		
Government of Canada	1,024,171	2,386,958
Province of Ontario	25,547,951	24,973,975
Other municipalities	628,825	963,905
OTHER		
Contributions from developers	1,067,235	700,412
Investment income	6,650,107	6,949,817
Other (Note 16)	10,972,585	10,261,645
Deduct: Amounts received or receivable on behalf of:		
The Municipality of Metropolitan Toronto (Note 2)	(96,230,871)	(90,314,170)
Metropolitan Toronto School Boards (Note 2)	(196,268,210)	(175,807,899)
Proceeds from the issue of long-term liabilities	2,939,224	1,251,202
Net appropriations from reserves and reserve funds	11,798,665	7,749,302
MUNICIPAL FUND BALANCES AT THE BEGINNING OF THE YEAR		
To be used to offset taxation and user charges (Note 15)	6,823,159	7,293,012
(Capital operations not yet permanently financed) or Unexpended capital financing	(2,135,445)	915,312
Total financing available during the year	171,446,466	162,057,271

The accompanying notes are an integral part of this financial statement.

APPLIED TO	ACTUAL 1985 $	ACTUAL 1984 $
CURRENT OPERATIONS		
General government	17,287,219	15,117,109
Protection to persons and property	28,159,205	26,280,032
Transportation services	28,451,863	26,408,603
Environmental services	16,307,248	15,719,129
Health services	7,580,520	7,029,744
Recreation and cultural services	37,362,043	34,889,215
Planning and development	5,399,658	5,091,082
Other	39,765	74,381
	140,587,521	130,609,295
CAPITAL OPERATIONS		
General government	1,472,216	1,059,530
Protection to persons and property	1,110,418	819,451
Transportation services	9,108,741	12,510,496
Environmental services	9,475,650	7,227,136
Health services	4,492,847	14,675
Recreation and cultural services	2,518,251	4,205,145
Planning and development	852,911	923,829
	29,031,034	26,760,262
MUNICIPAL FUND BALANCES AT THE END OF THE YEAR		
To be used to offset taxation and user charges (Note 15)	5,702,330	6,823,159
Capital operations not yet permanently financed	(3,874,419)	(2,135,445)
Total applications during the year	171,446,466	162,057,271

CITY OF SCARBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1985

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting principles for municipalities in Ontario as required by the Ontario Ministry of Municipal Affairs and Housing under the authority of Section 84 of the Municipal Act and Part 2, Section 3, of the Municipal Affairs Act (R.S.O. 1980) and reflect the following policies as set forth in the Municipal Financial Reporting Handbook:

a) Basis of Consolidation

i) Consolidated Balance Sheet

This statement reflects the assets and liabilities of the revenue fund, reserve funds, the capital fund and includes the activities of all committees of Council and the following local boards which are under the control of Council:

Scarborough Board of Health
Scarborough Public Library Board
The Birch Cliff Village Business Improvement Area
The Cliffside Village Business Improvement Area

All interfund assets and liabilities are eliminated with the exception of loans or advances between the reserve funds and other funds of the Municipality.

ii) Consolidated Statement of Operations

This statement reflects the consolidated sources of financing and expenditures of the revenue fund, reserves, reserve funds, and the capital fund of the Municipality and those local boards described in note 1.(a) (i).

All interfund sources of financing and expenditures are eliminated with the exception of interest income and expenditures arising from loans and advances between the reserve funds and other funds of the Municipality.

iii) Non-consolidated Entities

For those local boards, municipal enterprises, and utilities of the Municipality which are not consolidated, the "Consolidated Balance Sheet" does not reflect their assets or liabilities except to the extent of amounts due to or from those entities. The "Consolidated Statement of Operations" does not reflect their revenues and expenditures except to the extent of the Municipality's contribution to those entities.

Those entities which are not consolidated are as follows:

Public Utilities Commission of the City
of Scarborough - Water Utility
- Electric Utility
Scarborough Historical Museums Board

iv) Accounting for the sources of financing for the Municipality of Metropolitan Toronto and the Metropolitan Toronto School Boards transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the Metropolitan Toronto School Boards, and The Municipality of Metropolitan Toronto are not reflected in these financial statements except to the extent that overlevies (underlevies) are reported on the "Consolidated Balance Sheet" as "other current liabilities" ("other current assets").

v) Trust Funds

Trust funds and their related operations administered by the Municipality are not consolidated, but are reported separately on the "Trust Funds Statement of Continuity and Balance Sheet".

b) Basis of Accounting

i) Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of principal and interest charges on long-term liabilities which are charged against operations in the periods in which they are paid. The principal and interest charges are not accrued for the period from the date of the latest instalment payment to the end of the financial year.

ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

iii) Fixed Assets

The historical cost and accumulated depreciation for fixed assets are not recorded for municipal purposes. Fixed assets are reported as an expenditure on the Consolidated Statement of Operations in the year of acquisition. For those fixed assets financed or to be financed by the issue of long term indebtedness, the principal and interest on the long term indebtedness are also reported on the Consolidated Statement of Operations as they are paid.

iv) Capital Outlay to be Recovered in Future Years

"Capital outlay to be recovered in future years," which represents the outstanding principal portion of unmatured long term liabilities for municipal expenditures or capital funds transferred to other organizations, is reported on the "Consolidated Balance Sheet."

2. OPERATIONS OF THE METROPOLITAN TORONTO SCHOOL BOARDS AND THE MUNICIPALITY OF METROPOLITAN TORONTO

The taxation, payments in lieu, requisitions and overlevies (underlevies) of the Metropolitan Toronto School Boards and The Municipality of Metropolitan Toronto are comprised of the following:

Metropolitan Toronto School Boards	1985 $	1984 $
Taxation, including amounts from other governments	196,268,210	175,807,899
Requisitions	196,390,514	175,805,505
(Underlevies) Overlevies for the year	(122,304)	2,394
Overlevies at the beginning of the year	54,455	52,061
(Underlevies) overlevies at the end of the year	(67,849)	54,455

The Municipality of Metropolitan Toronto	1985 $	1984 $
Taxation, including amounts from other governments	96,230,871	90,314,170
Requisitions	96,196,956	90,324,324
Overlevies (Underlevies) for the year	33,915	(10,154)
(Underlevies) at the beginning of the year	(33,922)	(23,768)
(Underlevies) at the end of the year	(7)	(33,922)

The overlevies (underlevies) at the end of the year are reported as other liabilities (other current assets) on the "Consolidated Balance Sheet".

3. TRUST FUNDS

Trust funds administered by the Municipality amounting to $30,264,971 (1984 - $27,009,809) have not been included in the "Consolidated Balance Sheet" nor have their operations been included in the "Consolidated Statement of Operations".

4. INVESTMENTS

The total investments of $53,994,242 (1984 - $50,115,116) recorded on the "Consolidated Balance Sheet" at cost, have a market value of $55,542,292 (1984 - $51,168,130) as at the end of the year.

	1985		1984	
	COST $	MARKET VALUE $	COST $	MARKET VALUE $
Investments - unrestricted	14,224,175	15,041,674	8,132,934	8,184,263
- restricted	39,770,067	40,500,618	41,982,182	42,983,867
	53,994,242	55,542,292	50,115,116	51,168,130

5. TAXES RECEIVABLE

The taxes receivable totalling $9,195,438 (1984 - $8,985,736) represent uncollected taxes billed for the following purposes:

	1985 $	1984 $
General Municipal	2,149,142	2,135,330
The Municipality of Metropolitan Toronto	2,295,163	2,305,265
Metropolitan Toronto School Boards	4,751,133	4,545,141
	9,195,438	8,985,736

6. OTHER CURRENT ASSETS

Other current assets at the end of the year consisted of the following:

	1985 $	1984 $
Inventory and supplies-at cost	1,356,885	1,212,007
The Municipality of Metropolitan Toronto-underlevy	7	33,922
Metropolitan Toronto School Boards-underlevy	67,849	
Other	516,740	1,034,083
	1,941,481	2,280,012

7. OTHER CURRENT LIABILITIES

Other current liabilities at the end of the year consisted of the following:

	1985 $	1984 $
Deferred revenue - taxation	650,354	575,269
- other	2,524,089	1,635,006
Prepaid levies	1,284,538	1,284,538
Metropolitan Toronto School Boards - overlevy		54,455
Other	1,199,677	440,345
	5,658,658	3,989,613

8. NET LONG-TERM LIABILITIES

	1985 $	1984 $
a) The balance for net long-term liabilities reported on the "Consolidated Balance Sheet" is made up of the following:		
The Municipality has assumed responsibility for the payment of principal and interest charges on certain long-term liabilities issued by other municipalities. At the end of the year, the principal amount of this liability is	64,900,341	65,981,645
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges has been assumed by others for a principal amount of	(4,038,338)	(4,930,618)
The total value of sinking funds and the balance in the Ministry of the Environment Debt Retirement Fund which have been accumulated to the end of the year to retire the outstanding long-term liabilities included above, amount to	(27,964,180)	(24,505,182)
Net long-term liabilities at the end of the year	32,897,823	36,545,845

b) Included in "Net long-term liabilities" on the Consolidated Balance Sheet is an amount of $11,710,280 (1984 - $14,543,376) payable in U.S. currency, which is recorded at the U.S. currency amount.

If the liability is converted into Canadian Dollars at the exchange rate prevailing at December 31, the liability would be increased by $4,664,205 (1984 - $4,674,241).

c) Of the net long-term liabilities reported in (a) of this note, $23,727,585 in principal payments are payable from 1986 to 1990, $8,666,191 from 1991 to 1995 and $504,047 thereafter and are summarized as follows:

	1986 to 1990 $	1991 to 1995 $	1996 and Thereafter $
From General Municipal Revenues	20,706,843	6,941,048	111,302
From Benefitting Landowners	3,020,742	1,725,143	392,745
	23,727,585	8,666,191	504,047

d) Approval of the Ontario Municipal Board has been obtained for the long-term liabilities in (a) issued for the Municipality.

e) The Municipality is contingently liable for long-term liabilities with respect to shoreline property assistance loans, and for those for which the responsibility for the payment of principal and interest has been assumed by The Public Utilities Commission of The City of Scarborough. The total amount outstanding as at December 31, 1985 is $4,038,338 (1984 - $4,930,618) and is not recorded on the "Consolidated Balance Sheet."

9. CHARGES FOR NET LONG-TERM LIABILITIES

Total charges for the year for net long-term liabilities, which are reported on the "Consolidated Statement of Operations", are as follows:

	1985 $	1984 $
Principal payments including contributions to sinking funds and to the Ministry of the Environment Debt Retirement Fund	5,340,532	5,614,347
Interest	6,521,091	6,508,216
	11,861,623	12,122,563

The charges for long term liabilities assumed by the non-consolidted entities or by individuals in the case of tile drainage and shoreline property assistance loans are not reflected in these statements.

10. MUNICIPAL FUND BALANCES AT THE END OF THE YEAR

a) The balances on the "Consolidated Statement of Operations" of the Municipal Equity of $1,827,911 (1984 - $4,687,714) at the end of the year are comprised of the following:

	1985 $	1984 $
- for general reduction of taxation or user charges in 1986	4,760,122	5,836,751
- for benefitting landowners related to special charges	942,208	986,408
- capital operations not yet permanently financed	(3,874,419)	(2,135,445)
	1,827,911	4,687,714

b) Approval of the Ontario Municipal Board has been obtained for the pending issue of long-term liabilities and for those commitments to be financed from revenues beyond the term of Council.

11. CAPITAL OPERATIONS NOT YET PERMANENTLY FINANCED

The unfinanced capital outlay amounts to $3,874,419 as at December 31, 1985. The City will permanently finance $2,530,047 of the unfinanced balance from the issue of debentures, of which the City has applied to the Municipality of Metropolitan Toronto to issue $2,314,693 in early 1986, with a further application for $215,354 to be made later in 1986.

Financing of $1,344,372 of the unfinanced capital outlay will be raised from current tax levies in 1986.

12. LIABILITY FOR VESTED SICK LEAVE BENEFITS

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Municipality's employment.

The liability, to the extent that it has vested and could be taken in cash by employees on termination, amounts to $12,365,388 (1984 - $11,408,358) at the end of the year. No provision has been made for this liability.

12. LIABILITY FOR VESTED SICK LEAVE BENEFITS (cont'd)

The cash payments required for anticipated normal retirements for the next five years are as follows:

1986 - $ 689,904
1987 - $ 586,742
1988 - $ 289,078
1989 - $ 321,007
1990 - $1,001,214

13. LIABILITY FOR PAST SERVICE PROVISION OF PENSION AGREEMENTS

Under the past service provision of pension agreements, the Municipality is obligated at December 31, 1985, for an amount of approximately $14,108,127 (1984 - $13,266,000) as established for the plans. No provision has been made for this liability. The balance of this liability will be funded by annual payments of $1,747,068 from 1986 until 1992, annual payments of $283,339 from 1993 until 1997, and annual payments of $230,978 in 1993 and 1994. An amount of $1,803,767 (1984 - $1,572,789) has been provided for in the current year and is included on the "Consolidated Statement of Operations."

14. NONACCRUAL OF INTEREST ON LONG-TERM LIABILITIES

No provision has been made in these financial statements for the accrual of interest on the net long-term liabilities. Had this provision been made, the municipal fund balances as at December 31, 1985 would have been decreased by $745,934 (1984 - $751,743).

15. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the current year's presentation.

In addition, the "Consolidated Balance Sheet" and the "Consolidated Statement of Operations" have been adjusted to reflect the inclusion of The Birch Cliff Village Business Improvement Area, and The Cliffside Village Business Improvement Area as part of the consolidated boards.

The effect of this change has been to increase the fund balance to be used to offset taxation or user charges at December 31, 1984 from $6,771,116 to $6,823,159.

Effective January 1st, 1985, amendments to regulations require that the Ontario Home Renewal Program funds be accounted for as a trust fund and no longer as a reserve fund. This transfer of the fund balance has reduced the total opening reserve fund balances by $1,427,466, and is not reflected in the Consolidated Statement of Operations. The 1985 transactions for this program are reflected in the financial statements for the trust funds of the municipality.

16. OTHER SOURCES OF FINANCING

Other sources of financing for the year were as follows:

	1985 $	1984 $
Licenses and permits	4,108,848	3,454,686
Rents, concessions and franchises	4,921,536	4,627,909
Penalties and interest on taxes	1,480,590	1,448,950
Fines, sale of publications, and other	461,611	730,100
	10,972,585	10,261,645

17. RESERVES AND RESERVE FUNDS

The total balances of reserves and reserve funds of $6,942,298 (1984 - $6,692,298) and $39,378,797 (1984 - $42,341,654) respectively, are made up of the following:

	1985 $	1984 $
Reserves set aside for specific purpose by Council		
Current operating inventories	1,356,885	1,212,007
Other current operations	5,585,413	5,480,291
Total reserves	6,942,298	6,692,298

	1985 $	1984 $
Reserve funds set aside for specific purpose by legislation or agreement		
Sewer impost	10,144,625	10,790,344
Parks	5,316,686	5,439,390
Parks development	2,189,178	1,872,901
Cash-in-lieu of services	3,874,364	3,810,408
Subdivision services	2,765,211	2,276,751
Ontario Home Renewal Plan		1,427,466
	24,290,064	25,617,260

17. RESERVES AND RESERVE FUNDS (cont'd)

Reserve funds set aside for specific purpose by Council

Equipment replacement	6,347,614	6,157,638
Employee benefits	2,383,574	2,204,609
Parking	155,134	110,662
Debt retirement	947,984	1,159,280
Land purchases	2,302,497	2,059,866
Hospital construction		1,752,489
Self insurance	13,575	14,117
Town Centre programs	15,544	14,088
Debenture debt reduction	411,682	404,126
Civic Centre expansion	2,414,286	2,272,466
Accrued debenture interest		498,372
Racquet sports	96,843	76,681
	15,088,733	16,724,394
Total reserve funds	39,378,797	42,341,654

18. CONTINGENT LIABILITIES

There are various lawsuits and claims against the Municipality estimated at $6,000,000. The Municipality is contesting these lawsuits and claims in cooperation with its insurers and does not consider that their outcome will have a material adverse effect on the Municipality.

SCHEDULE 1

CITY OF SCARBOROUGH
ANALYSIS OF CURRENT OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1985

	BUDGET 1985 $	ACTUAL 1985 $	ACTUAL 1984 $
REVENUE			
TAXATION AND USER CHARGES			
Residential and farm taxation)		216,764,970	200,001,057
Commercial, industrial and) business taxation)	385,658,734	153,894,205	138,778,969
Taxation from other governments)		21,992,445	20,408,863
User charges	6,217,850	5,977,450	5,544,911
Deduct			
Amount received or receivable on the behalf of:			
The Municipality of Metropolitan Toronto	(94,291,023)	(96,230,871)	(90,314,170)
Metropolitan Toronto School Boards	(192,270,246)	(196,268,210)	(175,807,899)
GRANTS			
Government of Canada	26,650	152,499	303,430
Province of Ontario	20,309,930	20,599,013	20,387,238
Other municipalities	500,600	337,402	417,940
OTHER			
Contributions from developers			11,720
Investment income	4,890,000	6,204,550	6,515,593
Other	10,430,320	10,852,850	9,798,736
Net municipal revenue	141,472,815	144,276,303	136,046,388
EXPENDITURES			
General government	17,516,235	17,287,219	15,117,109
Protection to persons and property	28,323,950	28,159,205	26,280,032
Transportation services	27,840,150	28,451,863	26,408,603
Environmental services	16,398,640	16,307,248	15,719,129
Health services	7,593,000	7,580,520	7,029,744
Recreation and cultural services	39,122,485	37,362,043	34,889,215
Planning and development	5,722,195	5,399,658	5,091,082
Other	52,043	39,765	74,381
	142,568,698	140,587,521	130,609,295
Net appropriations to other funds			
. reserves	250,000	250,000	237,298
. reserve funds	1,399,480	1,433,513	2,512,430
. capital operations	3,091,180	3,126,098	3,157,218
	4,740,660	4,809,611	5,906,946
	(5,836,543)	(1,120,829)	(469,853)
Fund Balance at the beginning of the year	5,836,543	6,823,159	7,293,012
Fund Balance at the end of the year	Nil	5,702,330	6,823,159

SCHEDULE 2

CITY OF SCARBOROUGH
ANALYSIS OF CAPITAL OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1985

	ACTUAL 1985 $	ACTUAL 1984 $
SOURCES OF FUNDS		
Long term liabilities incurred	2,939,224	1,251,202
Government of Canada grants	871,672	2,083,528
Province of Ontario grants	4,948,938	4,586,737
Other municipalities	291,423	545,965
Contributions from developers	1,067,235	688,692
Investment income	445,557	434,224
Other	119,735	462,909
Appropriations from other funds		
- Current operations	3,126,098	3,157,218
- Reserve funds	13,482,178	10,499,030
	27,292,060	23,709,505
EXPENDITURES		
General government	1,472,216	1,059,530
Protection to persons and property	1,110,418	819,451
Transportation services	9,108,741	12,510,496
Environmental services	9,475,650	7,227,136
Health services	4,492,847	14,675
Recreation and cultural services	2,518,251	4,205,145
Planning and development	852,911	923,829
	29,031,034	26,760,262
Unfinanced capital outlay (unexpended capital financing) at the beginning of the year	2,135,445	(915,312)
Unfinanced capital outlay at the end of the year	3,874,419	2,135,445

SCHEDULE 3

CITY OF SCARBOROUGH
ANALYSIS OF RESERVE AND RESERVE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1985

	1985 ACTUAL $	1984 ACTUAL $
RESERVES		
Balance at the beginning of the year	6,692,298	6,455,000
Appropriation from current operations	250,000	237,298
Balance at the end of the year	6,942,298	6,692,298
RESERVE FUNDS		
Balance at the beginning of the year	40,914,188*	41,773,110
Revenue		
Contributions from developers	4,497,636	4,969,374
Contributions from capital operations	491,877	569,236
Contribution from current operations	5,066,730	6,037,046
Interest earned	4,261,513	4,933,299
Sale of fixed assets	419,144	959,673
Other	1,362,643	1,466,035
	16,099,543	18,934,663
Expenditures		
Contributions to capital operations	13,974,055	11,068,266
Contributions to current operations	3,633,217	3,524,616
Ontario Home Renewal Plan - loans		62,257
Grants to hospitals		3,679,749
Other	27,662	31,231
	17,634,934	18,366,119
Balance at the end of the year	39,378,797	42,341,654*

* This difference of $1,427,466 between the December 31, 1984 balance and the January 1, 1985 balance represents the Ontario Home Renewal Plan funds which are accounted for as a trust fund effective January 1, 1985.

CITY OF SCARBOROUGH

TRUST FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1985

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Deloitte
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Chartered Accountants

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Cable DEHANDS

To the Members of Council,
Inhabitants and Ratepayers of
The Corporation of the City of Scarborough

We have examined the trust funds balance sheet of the Corporation of the City of Scarborough, as at December 31, 1985, and the statement of continuity of trust funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the trust funds for the Corporation of the City of Scarborough as at December 31, 1985, and the continuity of trust funds for the year then ended in accordance with the accounting principles prescribed for Ontario Municipalities applied on a basis consistent with that of the preceding year.

Deloitte Haskins + Sells.

Auditors
Licence No 1113.

February 21, 1986.

CITY OF SCARBOROUGH

TRUST FUNDS

STATEMENT OF CONTINUITY

FOR THE YEAR ENDED DECEMBER 31, 1985

	Total $	Subdividers' Securities $	Cash-in-Lieu of Bonds $	Centennial Baby Fund $	Ontario Home Renewal Program $
Balance at the beginning of the year	27,009,809	25,334,193	246,796	1,354	1,427,466
Capital receipts, subdividers' contribution	10,645,524	10,526,823	118,701		
Investment interest earned*	64,541			157	64,384
Ontario Home Renewal Plan - Interest earned on loans	33,997				33,997
	10,744,062	10,526,823	118,701	157	98,381
Expenditures					
Ontario Home Renewal Program - Loans forgiven	53,552				53,552
- Direct charge for administration	8,141				8,141
Subdividers' contributions refunded	7,427,207	7,384,448	42,759		-
	7,488,900	7,384,448	42,759	-	61,693
Balance at the end of the year	30,264,971	28,476,568	322,738	1,511	1,464,154

* Interest on subdividers securities accrues directly to the depositor. Interest on cash-in-lieu of bonds accrues to the City.

BALANCE SHEET

AS AT DECEMBER 31, 1985

	Total $
Assets	
Cash	100
Investments at cost (Market value $1,044,685)	1,036,992
O.H.R.P. loans receivable	784,240
Securities held for subdividers	28,476,568
	30,297,900
Liabilities	
Accounts payable	32,929
Balance - capital	30,264,971
	30,297,900

SCARBOROUGH BOARD OF HEALTH

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1985

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To the Chairman and Members of the
Scarborough Board of Health

We have examined the balance sheet of the Scarborough Board of Health as at December 31, 1985, and the statement of operations for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Board as at December 31, 1985, and the results of it's operations for the year then ended in accordance with accounting principles set out in the notes to the financial statements applied on a basis consistent with that of the preceding year.

Deloitte Haskins + Sells.

Auditors
Licence No 1113.

February 21, 1986.

SCARBOROUGH BOARD OF HEALTH

BALANCE SHEET

AS AT DECEMBER 31, 1985

	1985	1984
ASSETS		
CASH	$ 60	$ 60
ACCOUNTS RECEIVABLE		
City of Scarborough	25,070	110,761
	25,130	110,821
LIABILITIES		
FUND BALANCE (to be used to offset taxation)	25,130	110,821
	$25,130	$110,821

APPROVED BY THE BOARD

Joan M. Sayer, Chairman

K. Fitzgerald, Medical Officer of Health

SCARBOROUGH BOARD OF HEALTH

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 1985

	1985 Budget $	1985 Actual $	1984 Actual $
SOURCES OF FINANCING			
Municipal grant	4,150,949	4,150,949	3,946,182
Province of Ontario subsidy	3,188,010	3,123,596	3,012,572
Federal grant	-	1,777	-
Fees and service charges	71,150	106,846	39,266
Other	93,300	120,940	97,053
	7,503,409	7,504,108	7,095,073
EXPENDITURES			
Employees' earnings and related benefits	6,283,715	6,258,909	5,804,737
Supplies and other services	1,309,285	1,321,618	1,213,528
Contributions for capital expenditures	21,230	9,272	14,675
	7,614,230	7,589,799	7,032,940
EXCESS OF (EXPENDITURES OVER FINANCING) FINANCING OVER EXPENDITURES	(110,821)	(85,691)	62,133
FUND BALANCE, BEGINNING OF YEAR	110,821	110,821	48,688
FUND BALANCE, END OF YEAR	-	25,130	110,821

SCARBOROUGH BOARD OF HEALTH

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1985

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting principles for municipalities in Ontario as required by the Ontario Ministry of Municipal Affairs and Housing under the authority of Section 84 of the Municipal Act and Part 2, Section 3 of the Municipal Affairs Act, (R.S.O. 1980) and reflect the following policies as set forth in the Municipal Financial Reporting Handbook.

Balance Sheet

The balance sheet reflects the assets and liabilities of the revenue fund. Certain assets and liabilities as noted below are not reflected.

All accounting transactions of the Board are recorded by the City of Scarborough and are extracted from City records for the preparation of financial statements. At year end, assets and liabilities (except for cash) are combined with similar items of the City and are not separately identified in preparation of the Board's balance sheet.

The item "Accounts Receivable - City of Scarborough" represents the balance of the municipal grant receivable at year end, together with the net amount of other assets and liabilities recorded in the accounting records of the City.

Fixed Assets

The Board does not capitalize purchases of fixed assets. Included in the expenditures are contributions for capital expenditures totalling $9,272. (1984 -$14,675.)

Fund Balance

In accordance with the requirements of the Municipal Act, the fund balance at December 31, 1985, is to be applied to reduce the Board's requisition for 1986.

Statement of Capital Operations

The capital operations of the Board have not been segregated as such information is readily determined from the information included with the statement of operations.

SCARBOROUGH PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1985

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Cable DEHANDS

To the Chairman and Members of the
Scarborough Public Library Board,
Members of Council, Inhabitants and
Ratepayers of the City of Scarborough:

We have examined the balance sheet of the Scarborough Public Library Board as at December 31, 1985, and the statement of operations for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Board as at December 31, 1985, and the results of it's operations for the year then ended in accordance with accounting principles set out in the notes to the financial statements applied on a basis consistent with that of the preceding year.

Deloitte Haskins + Sells.

Auditors
Licence No 1113.

February 14, 1986.

SCARBOROUGH PUBLIC LIBRARY BOARD

BALANCE SHEET

DECEMBER 31, 1985

	1985	1984
ASSETS		
CASH	$ 686,543	$ 687,513
ACCOUNTS RECEIVABLE		
City of Scarborough	131,789	471,910
Other	782	1,540
PREPAID EXPENSE	54,994	58,933
CAPITAL OUTLAY FINANCED BY LONG-TERM LIABILITIES AND TO BE RECOVERED IN FUTURE YEARS	585,007	703,266
	$1,459,115	$1,923,162
LIABILITIES		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	$ 365,106	$ 406,870
EMPLOYEES' DEDUCTIONS PAYABLE	294,069	275,805
NET LONG-TERM LIABILITIES (Note 3)	585,007	703,266
(CAPITAL OPERATIONS NOT YET PERMANENTLY FINANCED) UNAPPLIED CAPITAL RECEIPTS	(395)	432,649
FUND BALANCE TO BE USED TO OFFSET TAXATION	215,328	104,572
	$1,459,115	$1,923,162

Approved by the Board:

Susan M. Hurst · Chairman

Peter J. Bassett Director

SCARBOROUGH PUBLIC LIBRARY BOARD

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 1985

	1985				1984
	Revenue Fund		Capital Fund	Total	Total
	Budget	Actual	Actual	Actual	Actual
SOURCES OF FINANCING					
Grants					
Municipal	$ 9,792,160	$ 9,792,160	-	$ 9,792,160	$ 9,607,560
Provincial	1,030,000	1,010,384	-	1,010,384	980,955
Federal/Provincial grant programs		37,704	-	37,704	42,176
Levied charges	180,000	190,820	-	190,820	174,543
Recoverables	13,000	13,582	-	13,582	15,954
Bank interest and commissions	215,000	186,997	-	186,997	218,807
Other	-	1,129	-	1,129	4,842
	11,230,160	11,232,776	-	11,232,776	11,044,837
EXPENDITURES					
Administrative support	3,194,260	3,121,874	2,750	3,124,624	3,115,382
Agincourt district	1,771,940	1,679,367	-	1,679,367	1,536,055
Campbell district	2,957,050	2,967,559	445,729	3,413,288	2,772,033
Cedarbrae district	2,745,310	2,684,394	3,287	2,687,681	2,515,949
Special dervices	666,100	612,400	-	612,400	600,266
Federal/Provincial grant programs	-	37,704	-	37,704	47,884
	11,334,660	11,103,298	451,766	11,555,064	10,587,569
EXCESS OF FINANCING OVER (UNDER) EXPENDITURES	(104,500)	129,478	(451,766)	(322,288)	457,268
APPROPRIATIONS-net appropriations between funds	-	(18,722)	18,722	-	-
FUND BALANCE, BEGINNING OF YEAR	104,500	104,572	432,649	537,221	79,953
FUND BALANCE, END OF YEAR	$ Nil	$ 215,328	$ (395)	$ 214,933	$ 537,221
(CAPITAL OPERATIONS NOT YET PERMANENTLY FINANCED) UNAPPLIED CAPITAL RECEIPTS				$ (395)	$ 432,649
TO BE USED TO OFFSET TAXATION				215,328	104,572
				$ 214,933	$ 537,221

SCARBOROUGH PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1985

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting principles for municipalities in Ontario as required by the Ontario Ministry of Municipal Affairs and Housing under the authority of Section 84 of the Municipal Act and Part 2, Section 3 of the Municipal Affairs Act, (R.S.O. 1980) and reflect the following policies as set forth in the Municipal Financial Reporting Handbook.

Balance Sheet

The balance sheet reflects the assets and liabilities of the revenue fund and the capital fund. Certain assets and liabilities are not reflected as described in this note.

Statement of Operations

This statement reflects the sources of financing and expenditures of the revenue fund and the capital fund of the Board.

Basis of Accounting

Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of principal and interest charges on long-term liabilities which are charged against operations in the periods in which they are paid. The principal charges are not accrued for the period from the dates of the latest instalment payments to the end of the financial year.

Capital Outlay to be Recovered in Future Years

The historical cost and accumulated depreciation of fixed assets are not reported for library purposes. Instead, the capital outlay to be recovered in future years, which represents the outstanding principal portion of unmatured long-term liabilities for library capital expenditure, is reported on the balance sheet.

2. LIABILITY FOR VESTED SICK LEAVE CREDITS

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Board's employment.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination, amounted to $1,011,804. (1984 -$932,879.) at the end of the year. No provision has been made for this liability.

The cash payments required for anticipated normal retirements for the next three years are as follows:

1986 - $22,325
1987 - $57,098
1988 - $20,351

3. NET LONG-TERM LIABILITIES

(a) The Board has assumed the responsibility for payment of principal and interest charges on long-term liabilities issued by the City of Scarborough for library purposes.

	1985	1984
At year end the outstanding principal amount of this liability is	$1,164,014	$1,194,907
The total value of sinking funds which have been accumulated to the end of the year to retire the outstanding long-term liabilities included above, amount to	(579,007)	(491,641)
	$ 585,007	$ 703,266

(b) The long-term liabilities reported above are payable as follows:

1986 to 1990 - $398,378
1991 to 1995 - $186,629

4. CHARGES FOR LONG-TERM LIABILITIES

Total charges for the year for net long-term liabilities which are included in the expenditures reported in the statement of operations are as follows:

	1985	1984
Principal payments including contributions to sinking funds	$ 99,322	$ 97,902
Interest	125,242	109,012
	$224,564	$206,914

5. LIABILITY FOR PAST SERVICE PROVISION OF PENSION AGREEMENTS

Under the past service provision of pension agreements, the Board is obligated at December 31, 1985, for an amount of approximately $628,332., as established for the plans. No provision has been made for this liability. This liability is being funded by annual payments of $52,361. each year to, and including, 1997.

6. LEASE OBLIGATIONS

The Board has entered into various operating leases for equipment and premises. Such leases will require minimum payments which have been estimated to aggregate $1,032,070. Payments under such leases during the next five years are as follows:

1986 - $320,125
1987 - $247,078
1988 - $111,722
1989 - $102,835
1990 - $105,850

THE BIRCH CLIFF VILLAGE BUSINESS IMPROVEMENT AREA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1985

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Deloitte
Haskins + Sells

Chartered Accountants

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(416) 293-7704
Cable DEHANDS

To the Board of Management of The
Birch Cliff Village Business
Improvement Area:

We have examined the balance sheet of The Birch Cliff Village Business Improvement Area as at December 31, 1985, and the statement of operations for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Business Improvement Area as at December 31, 1985, and the results of it's operations for the year then ended in accordance with accounting principles set out in the notes to the financial statements applied on a basis consistent with that of the preceding year.

Deloitte Haskins + Sells.

Auditors
Licence No 1113.

February 14, 1986.

THE BIRCH CLIFF VILLAGE BUSINESS IMPROVEMENT AREA

BALANCE SHEET

DECEMBER 31, 1985

	1985	1984
ASSETS		
CASH	$ 1,160	-
ACCOUNTS RECEIVABLE		
City of Scarborough	3,585	$ 3,229
Province of Ontario	1,932	-
Other	95	-
	$ 6,772	$ 3,229
LIABILITIES		
BANK OVERDRAFT	-	$ 1,394
ACCOUNTS PAYABLE	$ 1,382	525
	1,382	1,919
FUND BALANCE	5,390	1,310
	$ 6,772	$ 3,229

APPROVED BY THE BOARD OF MANAGEMENT

THE BIRCH CLIFF VILLAGE BUSINESS IMPROVEMENT AREA

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 1985

	1985	1984
SOURCES OF FINANCING		
Taxation		
City of Scarborough - net of write-off of uncollectable amounts of $1,144 (1984-$3,436)	$14,243	$16,563
Grants		
Government of Canada	-	4,397
Province of Ontario	1,932	-
Other	1,418	108
	17,593	21,068
EXPENDITURES		
Beautification	10,904	20,979
Promotion	706	500
Administration	1,903	1,410
	13,513	22,889
EXCESS OF FINANCING OVER EXPENDITURES (EXPENDITURES OVER FINANCING)	4,080	(1,821)
FUND BALANCE, BEGINNING OF YEAR	1,310	3,131
FUND BALANCE, END OF YEAR	$ 5,390	$ 1,310

THE BIRCH CLIFF VILLAGE BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1985

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting principles for municipalities in Ontario as required by the Ontario Ministry of Municipal Affairs and Housing under the authority of Section 84 of the Municipal Act and Part 2, Section 3 of the Municipal Affairs Act, (R.S.O. 1980) and reflect the following policies as set forth in the Municipal Financial Reporting Handbook.

Revenue

The Business Improvement Area records as revenue from the City of Scarborough amounts billed by the City on its behalf. The amount shown as receivable from the City represents amounts yet to be collected by the Municipality from the members of the Business Improvement Area.

Fixed Assets

The Business Improvement Area does not capitalize purchases of fixed assets. Included in beautification expenditures are equipment purchases totalling $1,811. (1984 - $6,789.)

2. FUND BALANCE

In accordance with the requirements of the Municipal Act, the fund balance at December 31, 1985, is to be applied to reduce the Business Improvement Area's requisition for 1986.

THE CLIFFSIDE VILLAGE BUSINESS IMPROVEMENT AREA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1985

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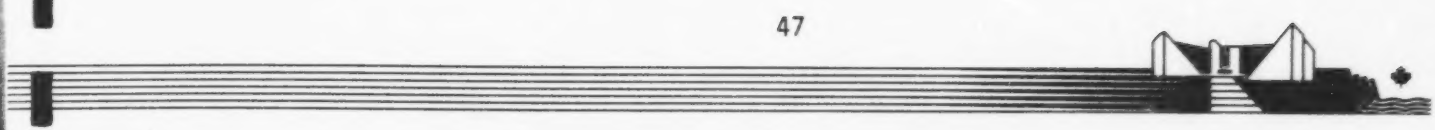

Deloitte
Haskins+Sells

Chartered Accountants

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Scarborough, Ontario M1B 3C6
(416) 293-7704
Cable DEHANDS

To the Board of Management of The
Cliffside Village Business
Improvement Area:

We have examined the balance sheet of The Cliffside Village Business Improvement Area as at December 31, 1985, and the statement of operations for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Business Improvement Area as at December 31, 1985, and the results of it's operations for the year then ended in accordance with accounting principles set out in the notes to the financial statements applied on a basis consistent with that of the preceding year.

Deloitte Haskins + Sells.

Auditors
Licence No 1113.

February 14, 1986.

THE CLIFFSIDE VILLAGE BUSINESS IMPROVEMENT AREA

BALANCE SHEET

DECEMBER 31, 1985

	1985	1984
ASSETS		
CASH	$ 4,281	$11,076
TERM DEPOSIT	20,118	40,000
ACCOUNTS RECEIVABLE		
City of Scarborough	5,069	5,225
Other	1,022	1,941
	$30,490	$58,242
LIABILITIES		
ACCOUNTS PAYABLE	$ 1,768	$ 7,509
FUND BALANCE (Note 2)	28,722	50,733
	$30,490	$58,242

APPROVED BY THE BOARD OF MANAGEMENT

_____

_____

THE CLIFFSIDE VILLAGE BUSINESS IMPROVEMENT AREA

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 1985

	1985	1984
SOURCES OF FINANCING		
Taxation		
City of Scarborough - net of write-off of uncollectable amounts of $3,949 (1984 - $5,087)	$38,503	$49,810
Grants		
Government of Canada	10,922	13,323
Ontario Ministry of Housing	2,805	3,575
Contributions	10	798
Other	4,747	727
	56,987	68,233
EXPENDITURES		
Beautification	44,561	31,403
Special promotions	13,508	8,758
Administration	20,929	8,306
	78,998	48,467
EXCESS OF (EXPENDITURES OVER FINANCING) FINANCING OVER EXPENDITURES	(22,011)	19,766
FUND BALANCE, BEGINNING OF YEAR	50,733	30,967
FUND BALANCE, END OF YEAR	$28,722	$50,733

THE CLIFFSIDE VILLAGE BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1985

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting principles for municipalities in Ontario as required by the Ontario Ministry of Municipal Affairs and Housing under the authority of Section 84 of the Municipal Act and Part 2, Section 3 of the Municipal Affairs Act, (R.S.O. 1980) and reflect the following policies as set forth in the Municipal Financial Reporting Handbook.

Revenue:

The Business Improvement Area records as revenue from the City of Scarborough amounts billed by the City on its behalf. The amount shown as receivable from the City represents amounts yet to be collected by the Municipality from the members of the Business Improvement Area.

Fixed Assets:

The Business Improvement Area expenses the purchases of fixed assets.

2. FUND BALANCE

Subsequent to the year end, the Business Improvement Area applied for approval from the Council of the City of Scarborough to transfer $20,000 of the Area's Fund Balance to a reserve fund for purposes of funding a portion of the participation in the Provincial Community Area Improvement Program.

In accordance with the requirements of the Municipal Act, the fund balance at December 31, 1985, less the above-noted transfer, is to be applied to reduce the Business Improvement Area's requisition for 1986.

3. COMMITMENTS

As part of the Cliffside Community Improvement Plan, the City of Scarborough has proposed to construct infrastructure and streetscape improvements as part of the Provincial Community Area Improvement Program at a cost of approximately $300,000.

It is anticipated that the Business Improvement Area's contribution to this project will be $50,000 to be paid in three equal instalments in 1986 through 1988. The balance of the project will be funded through contributions by the City ($200,000) and the Province of Ontario ($50,000).

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

WATER UTILITY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1985

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Deloitte
Haskins+Sells

Chartered Accountants

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(416) 293-7704
Cable DEHANDS

To the Commissioners, Members of Council,
Inhabitants and Ratepayers of the
City of Scarborough
The Public Utilities Commission of the
City of Scarborough - Water Utility:

We have examined the balance sheet of The Public Utilities Commission of the City of Scarborough - Water Utility as at December 31, 1985 and the statements of revenue and expenditure and accumulated net income, changes in financial position and of continuity of reserve funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the fincial position of the Water Utility as at December 31, 1985 and the results of its operations and the changes in its financial postion for the year then ended in accordance with the accounting principles set out in the notes to the fincial statements applied on a basis consistent with that of the preceeding year.

Deloitte Haskins + Sells.

Auditors
Licence No. 1113

February 28, 1986

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

WATER UTILITY

BALANCE SHEET

DECEMBER 31, 1985

	1985	1984
	$	$
ASSETS		
CURRENT ASSETS		
Cash	1,911	1,064,455
Short-term deposits	3,257,359	2,631,062
Accounts receivable (Note 2(a))	1,934,484	2,080,838
Unbilled revenue	2,593,875	2,051,851
Inventories	398,215	396,483
Prepaid expense	2,000	2,000
	8,187,844	8,226,689
CAPITAL OUTLAY TO BE RECOVERED IN FUTURE YEARS	17,502	29,932
OTHER LONG-TERM ASSETS		
Reserve funds (Note 2(b))	1,586,118	1,565,944
Deferred charges	9,518	19,035
	9,800,982	9,841,600
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 2(c))	4,203,914	3,377,380
Deposits	504,644	297,338
	4,708,558	3,674,718
LONG-TERM DEBT (Note 2(d))	17,502	29,932
RESERVES	398,215	396,483
RESERVE FUNDS	1,586,118	1,565,944
ACCUMULATED NET INCOME INVESTED IN UTILITY PLANT OR HELD AS WORKING FUNDS	3,090,589	4,174,523
	9,800,982	9,841,600

Approved by the Commission: .....Commissioner

.....Commissioner

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

WATER UTILITY

STATEMENT OF REVENUE AND EXPENDITURE AND ACCUMULATED NET INCOME

YEAR ENDED DECEMBER 31, 1985

	1985	1984
	$	$
SERVICE REVENUE		
Residential	11,774,690	10,372,356
Commercial	12,589,013	11,371,537
Industrial	5,148,291	4,819,636
Construction	72,301	48,385
Increase in unbilled revenue	542,024	69,429
	30,126,319	26,681,343
COST OF WATER PURCHASED	23,438,828	20,310,845
GROSS MARGIN ON SERVICE REVENUE	6,687,491	6,370,498
OTHER OPERATING REVENUE (Note 2(e))	494,879	619,649
	7,182,370	6,990,147
OPERATION AND MAINTENANCE EXPENSE		
Distribution (Note 2(f))	3,716,791	3,797,246
General administration (Note 2(g))	3,531,464	3,298,806
	7,248,255	7,096,052
(LOSS) BEFORE DEBENTURE INTEREST	(65,885)	(105,905)
DEBENTURE INTEREST	2,314	3,319
OPERATING (LOSS)	(68,199)	(109,224)
OTHER		
Debt retirement	12,430	12,723
Capital expenditure	1,462,432	1,149,930
(Contributions in aid of construction)	(460,859)	(436,637)
	1,014,003	726,016
(EXPENDITURE OVER REVENUE)	(1,082,202)	(835,240)
ACCUMULATED NET INCOME, BEGINNING OF YEAR	4,174,523	6,299,356
TRANSFER (TO) FROM INVENTORY RESERVE	(1,732)	116,279
TRANSFER (TO) EQUIPMENT REPLACEMENT RESERVE FUND	-	(729,097)
VEHICLES AND EQUIPMENT (WRITTEN OFF)	-	(676,775)
ACCUMULATED NET INCOME, END OF YEAR	3,090,589	4,174,523

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

WATER UTILITY

STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED DECEMBER 31, 1985

	1985	1984
	$	$
APPLICATION OF FUNDS		
Operations		
Expenditure over revenue	1,082,202	835,240
Item not affecting working capital		
Amortization of deferred charges	(9,517)	(18,918)
	1,072,685	816,322
Increase in deferred charges	-	28,553
Transfer to equipment replacement reserve fund	-	729,097
DECREASE IN WORKING CAPITAL	1,072,685	1,573,972
WORKING CAPITAL, BEGINNING OF YEAR	4,551,971	6,125,943
WORKING CAPITAL, END OF YEAR	3,479,286	4,551,971

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

WATER UTILITY

STATEMENT OF CONTINUITY OF RESERVES AND RESERVE FUNDS

YEAR ENDED DECEMBER 31, 1985

RESERVE FOR INVENTORIES

	1985 $	1984 $
BALANCE, BEGINNING OF YEAR	396,483	512,761
TRANSFER (TO) FROM ACCUMULATED NET INCOME	1,732	(116,278)
BALANCE, END OF YEAR	398,215	396,483

RESERVE FUNDS

	Trunk Watermain $	Water Impost $	Equipment Replacement $	1985 Total $	1984 Total $
BALANCE, BEGINNING OF YEAR	109,317	704,741	751,886	1,565,944	545,410
REVENUE					
Transfer from accumulated net income	-	-	-	-	729,097
Contributions from contractors and subdividers	350,772	63,345	-	414,117	377,708
Interest earned	11,666	90,843	-	102,509	163,848
Vehicle and equipment credits	-	-	155,805	155,805	140,432
	362,438	154,188	155,805	672,431	1,411,085
EXPENDITURES					
Contributions for capital expenditure	126,356	-	-	126,356	43,436
Inspection costs	254,009	-	-	254,009	229,472
Purchase of vehicles and equipment	-	-	271,892	271,892	117,643
	380,365	-	271,892	652,257	390,551
BALANCE, END OF YEAR	91,390	858,929	635,799	1,586,118	1,565,944

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

WATER UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1985

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting principles for municipalities in Ontario as required by the Ontario Ministry of Municipal Affairs and Housing under the authority of Section 84 of the Municipal Act and Part 2, Section 3 of the Municipal Affairs Act, (R.S.O. 1980) and reflect the following policies as set forth in the Municipal Financial Reporting Handbook. Except for the principles in respect to capital outlay to be recovered in future years, long-term debt, and reserves for equipment replacement and inventories, all principles employed are in accordance with generally accepted accounting principles.

Inventories

Inventories consist of repair parts, supplies and materials held for future capital expansion and are valued at average cost.

Capital outlay to be recovered in future years

The historical cost and accumulated depreciation of fixed asets, are not reported. Instead, the "Capital outlay to be recovered in future years", which is equal in amount to the outstanding principal portion of unmatured long-term debt financed by the municipality, is reported on the balance sheet.

Reserve fund assets

Assets held for reserve funds are restricted as to use by Section 165 of the Municipal Act, Ontario (RSO.1980)

Deferred charges

The costs relating to the installation of the telephone system are deferred and amortized over three years.

Long-term debt

Principal payments on long-term debt are included in debt retirement in the Statement of Revenue and Expenditure and Accumulated Net Income.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Recognition of revenue from sale of water

Service revenue is recorded on the basis of regular meter readings and estimates of unbilled customer usage since the last meter reading date to the end of the year. The volume and valuation of this unbilled water usage will vary at each year end due to seasonal temperature variation and increases in rates.

Sharing of joint operations

Under the authority of The Public Utilities Act, Ontario and By-Law 1009 of the Corporation of the City of Scarborough, the Commission is charged with the responsibility of operating two separate utilities to distribute water and electricity to customers in the City of Scarborough.

The Water Utility's operations are transacted through a common accounting system operated with the Electric Utility and distributed to the accounts of both utilities.

Costs which cannot be specifically assigned to one of the utilities are allocated on an established percentage to both. This percentage is established by measuring the cost incurred separately by each utility in such areas as customer classification, frequency and difficulty of billing, occupation of space and utilization of collecting, servicing, engineering, warehousing and fleet functions. The allocation arrived at is periodically reviewed and approved by Ontario Hydro.

Equipment replacement reserve fund

The equipment replacement reserve fund earns credits based on the use of vehicles and equipment in operations. These credits are transferred to the reserve fund in lieu of depreciation. The Utility anticipates that the replacement of its vehicles and equipment will be financed by the monies accumulated in the reserve fund.

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

WATER UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1985

2. SUPPLEMENTARY FINANCIAL INFORMATION

	1985 $	1984 $
(a) Accounts receivable		
Residential, commercial and industrial accounts	1,538,748	1,814,403
Other	395,736	266,435
	1,934,484	2,080,838
(b) Reserve funds		
Cash	475,671	909,515
Investments - deposit receipts	1,107,486	751,886
Due to electrical utility	-	(95,457)
Accounts receivable and accrued interest	2,962	-
	1,586,118	1,565,944
(c) Accounts payable		
Water	3,686,569	3,134,945
Other	516,945	242,435
	4,203,914	3,377,380

(d) Long-term debt

Payments due in the next three years on long-term debt are as follows:

1986	11,444
1987	5,736
1988	322
	17,502

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

WATER UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1985

2. SUPPLEMENTARY FINANCIAL INFORMATION (continued)

	1985 $	1984 $
(e) Other Operating Revenue		
Interest	393,319	543,045
Late Payment Charges	51,452	58,011
Miscellaneous	50,109	18,593
	494,879	619,649
(f) Distribution - Operation and Maintenance		
Watermain Breaks	1,739,297	1,822,342
Watermain - other	51,546	109,875
Valves	563,023	500,837
Water Meters	501,249	515,011
Water Services	476,066	466,929
Consumer Premises	118,920	105,766
Miscellaneous	266,690	276,486
	3,716,791	3,797,246
(g) General Administration		
Billing	884,757	827,324
Data Processing	842,850	810,295
Rent - Shared Premises	616,277	565,314
Customer Service	244,664	254,570
Collections	221,685	209,515
Miscellaneous	721,231	631,788
	3,531,464	3,298,806

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

WATER UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1985

3. COMMITMENTS

The Commission has a lease commitment for the provision of information processing services. The Water Utility's share of the minimum annual commitment will amount to approximately $102,000. In addition there are regular annual variable costs of approximately $420,000.

4. RELATED PARTY TRANSACTIONS

Charges for services provided to the City of Scarborough are made under the same terms and conditions as those used in the ordinary course of business, with the exception of the overhead charge on labour. This item is charged at a privileged rate extended only to government bodies.

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1985

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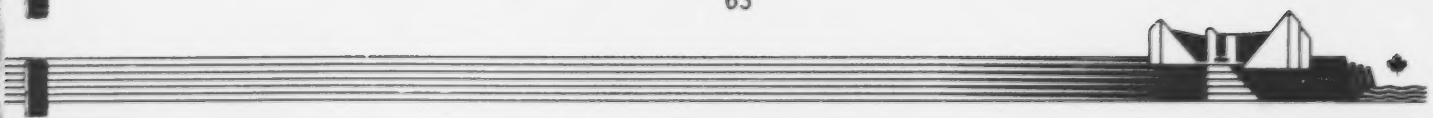

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Chartered Accountants

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Cable DEHANDS

To the Commissioners, Members of Council,
Inhabitants and Ratepayers of the
City of Scarborough
The Public Utilities Commission of the
City of Scarborough - Electric Utility:

We have examined the balance sheet of The Public Utilities Commission of the City of Scarborough - Electric Utility as at December 31, 1985 and the statements of operations, equity, changes in financial position and of continuity of reserve funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Electric Utility as at December 31, 1985 and the results of its operations and the changes in its financial position and the continuity of its reserve funds for the year then ended in accordance with the accounting principles set out in the notes to the financial statements applied on a basis consistent with that of the preceding year.

Deloitte Haskins + Sells

Auditors
Licence No. 1113

February 28, 1986

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

BALANCE SHEET

DECEMBER 31, 1985

	1985	1984
	$	$
ASSETS		
FIXED ASSETS (Note 2(a))	107,317,672	102,926,041
CURRENT ASSETS		
Cash and bank	388,103	798,017
Term deposits	5,627,430	4,482,072
Accounts receivable (Note 2(b))	12,020,239	11,838,022
Land held for resale at cost (Note 8)	630,870	-
Unbilled revenue	16,664,026	12,870,705
Inventories	5,590,134	4,730,999
Other current assets	81,685	105,276
	41,002,487	34,825,091
OTHER ASSETS		
Reserve funds (Note 2(c))	4,757,628	4,561,240
Unamortized debenture discount	16,725	28,364
Collateral funds (Note 4)	2,498,387	2,303,855
Deferred charges	13,697	32,977
	7,286,437	6,926,436
	155,606,596	144,677,568

	1985	1984
	$	$
LIABILITIES		
LONG-TERM DEBT (Note 2(d))	3,797,808	4,620,711
CURRENT LIABILITIES		
Accounts payable (Note 2(f))	17,295,775	13,706,760
Current portion of long-term debt	199,980	2,755,833
	17,495,755	16,462,593
OTHER LIABILITIES		
Long-term customer deposits	792,337	547,520
Collateral funds liability (Note 4)	2,498,387	2,303,855
Reserve funds	4,757,628	4,561,240
	8,048,352	7,412,615
DEFERRED CREDITS		
Contributions in aid of construction	13,821,954	11,458,937
Amortization to date	(1,344,591)	(927,917)
	12,477,363	10,531,020
UTILITY EQUITY	113,787,318	105,650,629
	155,606,596	144,677,568

Approved by the Commission:

.....Commissioner

.....Commissioner

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 1985

	1985	1984
SERVICE REVENUE	$	$
Residential	51,821,689	48,037,278
Commercial	64,302,440	57,501,488
Industrial	34,648,610	31,083,755
Large user	13,901,760	12,736,491
Street lighting	1,500,185	1,373,122
Increase in unbilled revenue	3,793,321	414,371
	169,968,005	151,146,505
COST OF POWER PURCHASED	146,773,985	128,236,423
GROSS MARGIN ON SERVICE REVENUE	23,194,020	22,910,082
OTHER OPERATING REVENUE (Note 2(g))	4,011,045	3,619,054
	27,205,065	26,529,136
OPERATION AND MAINTENANCE EXPENSE		
Distribution (Note 2(h))	6,104,182	5,535,263
Utilization (Note 2(i))	597,640	641,085
Billing and collecting	3,812,294	3,670,077
General administration	2,824,485	2,523,421
Depreciation (Note 2(j))	5,411,976	5,070,797
Amortization of contributions in aid of construction	(416,674)	(346,004)
	18,333,903	17,094,639
INCOME BEFORE FINANCIAL EXPENSE	8,871,162	9,434,494
FINANCIAL EXPENSE		
Interest (Note 2(k))	1,430,333	1,619,726
Income from sinking fund	(695,860)	(611,385)
	734,473	1,008,341
NET INCOME BEFORE EXTRAORDINARY ITEMS	8,136,689	8,426,156
EXTRAORDINARY ITEMS (Note 3)	-	(282,751)
NET INCOME	8,136,689	8,143,405
APPROPRIATION OF NET INCOME		
For debt retirement	878,756	934,718
For accumulated net income	7,257,933	7,208,687
	8,136,689	8,143,405

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

STATEMENT OF EQUITY

YEAR ENDED DECEMBER 31, 1985

	1985	1984
	$	$
ACCUMULATED FROM CAPITAL SOURCES		
Debt retirement		
Balance, beginning of year	20,534,522	19,599,803
Debt instalments and sinking fund deposits paid during year	878,756	934,718
Balance, end of year	21,413,278	20,534,521
Contributions in aid of construction prior to January 1, 1980	11,302,125	11,302,126
	32,715,403	31,836,647
ACCUMULATED NET INCOME		
Balance, beginning of year	73,813,982	66,605,295
Appropriation of net income for year	7,257,933	7,208,687
Balance, end of year	81,071,915	73,813,982
TOTAL UTILITY EQUITY	113,787,318	105,650,629

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED DECEMBER 31, 1985

	1985	1984
	$	$
SOURCES OF FUNDS		
Operations		
Net income before extraordinary items	8,136,689	8,426,156
Items not requiring funds		
Depreciation (Note 2(j))	5,798,274	5,501,018
Amortization		
Contributions in aid of construction	(416,674)	(346,004)
Debenture discount	11,639	11,637
Deferred charges	22,258	57,326
	13,552,186	13,650,133
Increase in long-term customer deposits liability	244,817	-
Increase in collateral funds liability	194,532	411,569
Contributions in aid of construction (Note 2(l))	2,363,017	2,467,573
Decrease in current portion of long-term debt	55,853	124,323
	16,410,405	16,653,598
APPLICATION OF FUNDS		
Net additions to fixed assets	10,189,905	13,224,226
Repayment of long-term debt		
Debentures, including sinking fund deposits	878,756	934,718
City loan	-	2,500,000
Increase in		
Collateral funds	194,532	411,569
Deferred charges	2,978	49,423
Decrease in long-term customer deposits liability	-	76,453
Extraordinary items (Note 3)	-	282,751
	11,266,171	17,479,140
CHANGE IN WORKING CAPITAL	5,144,234	(825,542)
WORKING CAPITAL, AT BEGINNING OF YEAR	18,362,498	19,188,040
WORKING CAPITAL, AT END OF YEAR	23,506,732	18,362,498

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

STATEMENT OF CONTINUITY OF RESERVE FUNDS

YEAR ENDED DECEMBER 31, 1985

	Underground Lines and Transformers	Street Lighting	Street Lighting Cash Settlements	1985 Total	1984 Total
	$	$	$	$	$
BALANCE, BEGINNING OF YEAR	3,656,923	827,982	76,335	4,561,240	3,231,299
REVENUE					
Subdividers' contributions	2,309,193	1,404,936	102,077	3,816,206	5,256,619
	5,966,116	2,232,918	178,412	8,377,446	8,487,918
EXPENDITURES					
Services installed for subdividers	-	1,312,002	-	1,312,002	1,509,553
Contributions in aid of construction (Note 2(l))	2,219,324	-	-	2,219,324	2,335,492
Transferred to municipality	-	-	88,492	88,492	81,633
	2,219,324	1,312,002	88,492	3,619,818	3,926,678
BALANCE, END OF YEAR	3,746,792	920,916	89,920	4,757,628	4,561,240

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1985

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting principles for municipal electrical utilities in Ontario as required by Ontario Hydro under the authority of Section 96 of The Power Corporation Act (RSO. 1980) and reflect the following policies as set forth in the Manual "Accounting for Municipal Electrical Utilities in Ontario".

Fixed assets and depreciation

Fixed assets are stated at cost and along with the related accumulated depreciation are removed from the accounts at the end of their estimated average service lives except in those instances where specific identification allows their removal at retirement or disposition. Gains or losses at retirement or disposition are credited or charged to miscellaneous income.

Depreciation is provided for on the straight-line basis over the useful life of the various assets as required by the Manual. Depreciation rates are substantially as follows:

Buildings	1.67% - 3.33%
Transmission and distribution plant	2.50% - 4.00%
Equipment, furniture and rolling stock	6.67% - 25.00%

Repairs and maintenance expenditures are charged to operations.

Inventories

Inventories consist of repair parts, supplies and material held for future capital expansion and are valued at average cost.

Reserve fund assets

Assets held for reserve funds are restricted as to use by Section 165 of The Municipal Act, Ontario (RSO. 1980).

Unamortized debenture discount

Discounts, premiums and expenses on issue of debentures are charged to operations on a straight-line basis over the term of the respective debentures.

Deferred charges

The costs relating to the installation of the telephone system and training of staff on the SCADA system are deferred and amortized over three years.

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1985

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-term debt

Principal payments on long-term debt are recorded as an appropriation of net income on the statement of operations.

Excess earnings on sinking fund debentures

Earnings of the sinking fund debentures, which are in excess of the amount which will be required to repay the principal, are recorded as receivable in the year earned. Application of these earnings is restricted by The Municipal Act, Ontario and in accordance with the Act, the excess earnings are applied to reduce the annual debt charges.

Contributions in aid of construction

Contributions in aid of construction consist of third party contributions toward the cost of constructing Commission assets such as the installation of underground distribution lines and services in new subdivisions. Contributions received after 1980 are recorded as deferred credits and amortized to income over the life of the asset. Contributions received prior to January 1, 1980 are considered a permanent part of equity and will not be amortized.

Recognition of revenue from sale of electricity

Service revenue is recorded on the basis of regular meter readings and estimates of unbilled customer usage since the last meter reading date to the end of the year. The volume and valuation of this unbilled electricity usage will vary at each year end due to seasonal temperature variation and increases in rates.

Translation of foreign currencies

Long-term debt payable in United States dollars is recorded at the U.S. dollar equivalent at the time that the debenture debt was issued. No conversion has been made into the Canadian dollar equivalent at the exchange rate prevailing at December 31. Foreign exchange applicable to debt principal and interest payments is included in financial expenses as incurred.

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1985

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Sharing of joint expenses

Under the authority of The Public Utilities Act, Ontario and By-Law 1009 of the Corporation of the City of Scarborough, the Commission is charged with the responsibility of operating two separate utilities to distribute electricity and water to customers in the City of Scarborough.

The Electric Utility's operations are transacted through a common accounting system operated with the Water Utility and distributed to the accounts of both utilities.

Costs which cannot be specifically assigned to one of the utilities are allocated on an established percentage to both. This percentage is established by measuring the cost incurred separately by each utility in such areas as customer classification, frequency and difficulty of billing, occupation of space and utilization of collecting, servicing, engineering, warehousing and fleet functions. The allocation arrived at is periodically reviewed and approved by Ontario Hydro.

2. SUPPLEMENTARY FINANCIAL INFORMATION

	1985 $	1984 $
(a) Fixed assets		
Land	1,887,529	2,045,169
Buildings	14,008,815	14,926,483
Distribution system	126,509,201	116,817,595
Other capital assets	10,714,928	9,774,300
	153,120,473	143,563,547
Accumulated depreciation	(45,802,801)	(40,637,506)
	107,317,672	102,926,041
(b) Accounts receivable		
Electrical energy		
Residential	2,618,198	2,376,546
All other	6,370,711	7,840,706
Sundry	3,267,198	1,823,919
	12,256,107	12,041,171
Allowance for doubtful accounts	(235,868)	(203,149)
	12,020,239	11,838,022

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1985

2. SUPPLEMENTARY FINANCIAL INFORMATION (continued)

	1985 $	1984 $
(c) Reserve funds		
Assets held for reserve funds consist of the following:		
Cash	3,933	3,692
Term deposits	3,899,482	3,831,125
Accounts receivable	854,213	726,423
	4,757,628	4,561,240
(d) Long-term debt		
Debentures financed by the municipality	11,268,317	11,279,186
Current value of sinking fund (Note 2(e))	(7,270,529)	(6,402,642)
	3,997,788	4,876,544
City of Scarborough loan	-	2,500,000
	3,997,788	7,376,544
Payments due in one year	(199,980)	(2,755,833)
	3,797,808	4,620,711

The debentures and loans bear various interest rates and due dates and are payable over various periods up to thirteen years.

Payments due in the next five years are as follows (assuming no further reductions due to excess earnings):

1986	199,980
1987	188,279
1988	188,279
1989	188,279
1990	188 279

Included in the debentures is an amount of $4,820,631 payable in United States dollars. If the liability were converted to Canadian dollars at the exchange rate prevailing at December 31 the liability would be increased by $1,916,200.

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1985

2. SUPPLEMENTARY FINANCIAL INFORMATION (continued)

	1985 $	1984 $
(e) Sinking fund deposits		
Sinking fund deposits contributed by the utility during the year	244,964	287,317
Accumulated earnings of sinking fund, end of year	1,987,561	1,682,980
Sinking fund on deposit with trustee	7,270,529	6,402,642
(f) Accounts payable		
Electricity	13,788,307	11,348,465
Other	3,507,468	2,358,295
	17,295,775	13,706,760
(g) Other operating revenue		
Water heater rentals	680,859	655,781
Premises and other rentals	1,201,080	919,025
Gain on disposals	71,609	42,758
Late payment charges	626,052	594,050
Interest	1,030,659	1,027,582
Miscellaneous	400,786	379,858
	4,011,045	3,619,054
(h) Distribution - operation and maintenance		
Substation equipment	1,200,660	1,116,190
Overhead lines	2,575,787	2,454,364
Underground lines	1,155,566	916,857
Transformers	366,800	327,929
Meters	805,369	719,923
	6,104,182	5,535,263
(i) Utilization - operation and maintenance		
Customer premises	394,028	483,884
Customer relations	203,612	157,201
	597,640	641,085

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1985

2. SUPPLEMENTARY FINANCIAL INFORMATION (continued)

	1985 $	1984 $
(j) Depreciation expense		
Included in overhead costs and other expenditure classifications	386,298	430,221
Shown separately	5,411,976	5,070,797
	5,798,274	5,501,018
(k) Interest expense		
Debentures	1,013,165	1,018,131
Other interest	417,168	601,595
	1,430,333	1,619,726
(l) Contributions in aid of construction		
Transferred from reserve funds	2,219,324	2,335,492
Contributions from other sources	143,693	132,081
	2,363,017	2,467,573

3. EXTRAORDINARY ITEMS

Maintenance costs of new administration building (net of tenant rent) for period prior to occupation, March 29, 1984.	-	(282,751)

4. COLLATERAL FUNDS

The Collateral funds liability consists of cash deposits from customers held as a guarantee against possible default in payment of energy billings. The asset account represents investments designated to cover the actual liability.

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1985

5. EQUITY IN ONTARIO HYDRO

Included in the cost of electrical energy purchased from Ontario Hydro are amounts required to cover debt principal repayments of the Corporation. The amounts paid by the Utility are deemed to have accumulated an equity in Ontario Hydro totalling $67,635,431 as at December 31, 1984, the latest year for which information is available.

Reference to this equity is made only in a note to the financial statements since no proprietary interest exists.

6. COMMITMENTS

The Commission has a lease commitment for the provision of information processing services. The Electric Utility's share of the minimum annual commitment will amount to approximately $150,000. In addition there are regular annual variable costs of approximately $600,000.

7. RELATED PARTY TRANSACTIONS

During the year, the Utility provided electrical energy (at a rate approved by Ontario Hydro) and maintained the street lighting system for the City of Scarborough. The cost of maintenance charged to the City was $838,339 (1984 - $726,465), and was billed under the same terms and conditions as those used in the ordinary course of business, with the exception of the overhead charge on labour. This item was billed at a privileged rate extended only to government bodies.

8. LAND HELD FOR RESALE

On December 31, 1985 the Commission entered into an agreement with The Municipality of Metropolitan Toronto for the sale of certain lands acquired during 1985. It is anticipated that this sale will be completed in 1986 for a consideration of $630,870.

9. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the current year's format.

SCARBOROUGH HISTORICAL MUSEUMS BOARD

FINANCIAL STATEMENTS

FOR THE PERIOD FROM FEBRUARY 11, 1985 TO DECEMBER 31, 1985

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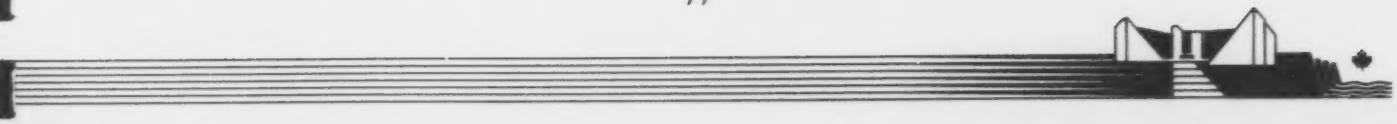

Deloitte
Haskins+Sells

Chartered Accountants

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Scarborough, Ontario M1B 3C6
(416) 293-7704
Cable DEHANDS

To the Chairman and Members of the
Scarborough Historical Museums Board

We have examined the balance sheet of the Scarborough Historical Museums Board as at December 31, 1985, and the statement of operations for the period February 11, 1985 to December 31, 1985. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Board as at December 31, 1985, and the results of it's operations for the period February 11, 1985 to December 31, 1985 in accordance with accounting principles set out in the notes to the financial statements consistently applied.

Deloitte Haskins & Sells.

Auditors
Licence No 1113.

April 9, 1986.

SCARBOROUGH HISTORICAL MUSEUMS BOARD

BALANCE SHEET

AS AT DECEMBER 31, 1985

	1985
ASSETS	
CASH	$ 6,403
	$ 6,403
LIABILITIES	
ACCOUNTS PAYABLE	$ 5,955
FUND BALANCE	448
	$ 6,403

SCARBOROUGH HISTORICAL MUSEUMS BOARD

STATEMENT OF OPERATIONS

PERIOD FROM FEBRUARY 11, 1985 TO DECEMBER 31, 1985

	1985	
	Budget $	Actual $
SOURCES OF FINANCING		
City of Scarborough	23,154	24,000
Scarborough Historical Society	-	836
Fees and services	2,000	2,368
Other	1,712	1,434
	26,866	28,638
EXPENDITURES		
Employees' earnings and related benefits	24,873	24,385
Supplies and other services	1,993	3,805
	26,866	28,190
EXCESS OF FINANCING OVER EXPENDITURES	-	448
FUND BALANCE, BEGINNING OF PERIOD	-	-
FUND BALANCE, END OF PERIOD	-	448

SCARBOROUGH HISTORICAL MUSEUMS BOARD

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1985

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting principles for municipalities in Ontario as required by the Ontario Ministry of Municipal Affairs under the authority of Section 84 of the Municipal Act and Part 2, Section 3 of the Municipal Affairs Act, (R.S.O. 1980) and reflect the following policies as set forth in the Municipal Financial Reporting Handbook.

Fixed Assets

The Board expenses the purchases of fixed assets.

Fund Balance

In accordance with the requirements of the Municipal Act, the fund balance at December 31, 1985, is to be applied to reduce the Board's requisition for 1986.

2. On February 11, 1985 the Council of the City of Scarborough approved a recommendation to establish and fund an interim board, known as the Scarborough Heritage Museums Board. Subsequent thereto, the interim board commenced operations. After consultation with the Scarborough Historical Society, the Scarborough Historical Museums Board was established under the authority of By-law 21038 passed by Council, September 23, 1985.

For the purposes of these financial statements, the transactions reported are those from February 11, 1985 to December 31, 1985, notwithstanding the change in status which occurred during the period.

As this is the initial period of operation, there are no comparative amounts.